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Denali Commission Investment Policy

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Objective

The Denali Commission (Commission) is committed to accelerating the building of sustainable infrastructure in rural Alaska to enhance the health and safety of rural residents and to provide the underpinnings for economic opportunity. The Commission will invest the limited funds with which it is entrusted in the most conscientious and sustainable manner possible with the objective of maximizing the benefits to rural Alaskans.

General Policy

Commission investments are directed by federal law, by the Commission's Guiding Principles and by specific allocation decisions made by the Commission. Infrastructure needs of rural Alaska are enormous compared to available funding, thus, it is imperative that each dollar be invested in a way that will maximize the sustainable long term benefits to Alaskans.

The Commission will promote investment in infrastructure where the promise of sustainability (facility and services) can reasonably be demonstrated both now, and in the future. Infrastructure sustainability can be enhanced by adapting available technology and appropriately sizing facilities to meet the particular needs and circumstances of communities.

The Commission will site infrastructure so as to minimize potential damage from environmental threats such as flooding and erosion. If it is not possible to do so, long term investments will not be made.

Where the needs of two or more communities in close proximity to one another can be adequately and more cost effectively served by a single facility, that option will be selected over separate facilities for each community.

The long term sustainability of Commission investments is highly dependent on the good faith of the recipients of those investments. In evaluating potential investments the Commission will give priority to project proponents who have historically demonstrated good faith in making and keeping financial commitments. Previous demonstrations of bad faith, particularly for previous Commission investments, may preclude additional investments.

Factors which will influence investment decisions:

- **Size of community and population trends**

Infrastructure will be sized to meet needs that can reasonably be projected over the design life of the project. If population is increasing, appropriate excess capacity will be provided to accommodate growth. Decreasing population may result in a smaller facility than the current population would dictate. For communities with populations under 100, particularly those with populations declining 20% or greater over a 10 year census period, special attention will be given to appropriate design and sizing of facilities. Some small communities have demonstrated significant economic potential. Such communities may serve as a shipping hub, have a seafood processing plant or be in a central location for other communities; therefore, economic potential and the reliability of predicted revenue streams will be considered when determining the appropriate scale of infrastructure for a community.

- **Imminent environmental threats**

Facilities will be placed so as to be protected from imminent environmental threats such as flooding and erosion. Long term investments generally will not be made in areas that are subject to imminent environmental threats.

- **Proximity/access to existing services and/or facilities**

In determining the need for a new facility, a careful evaluation of existing access to services or facilities will be performed. Investments will be made where critical unmet needs are demonstrated. Where a single facility can reasonably serve the needs of two or more communities, and is more cost effective than multiple facilities, the Commission will invest in a single facility.

- **Per capita investment**

While there are many factors which may explain extreme variations in per capita investment in communities, the Commission will compile and review this data to ensure that there is reasonable equity in the distribution of funds across all rural Alaska communities.

- **Unit cost**

Unit cost of construction varies widely across the state for a number of reasons including the technology employed and/or designs utilized. High unit cost tends to work counter to project sustainability. Some of the variables impacting unit cost (project location, soil conditions, etc.) are not controllable, but many others are. The Commission will make

every reasonable effort to control unit cost by working with award recipients through its Partners to ensure that the most appropriate technology and designs are used.

- **Good Faith**

The long term sustainability of Commission investments is highly dependent on the good faith of the recipients of those investments. In evaluating potential investments the Commission will give priority to advocates who have historically demonstrated good faith in making and keeping financial commitments. Previous demonstrations of bad faith, particularly for previous state or federal investments or failure to pay taxes, may preclude additional investments.

- **Priority to be placed on needs of existing communities**

The Commission will give priority to the critical infrastructure needs of existing communities before considering proposals to create new communities unless there is a congressionally directed relocation of an existing community.

- **Borough Government**

The Commission recognizes that borough governments promote equity among Alaskans and that the existence of a borough government increases the probability that basic infrastructure and services provided with Denali Commission funds will be sustained over the long term.

Implementation

The Commission will consider all available information regarding each of the factors identified above and any other relevant information in making investment decisions. In cases where sustainability of an investment is questionable, the Commission, either directly or through its Partners, will work with project proponents to attempt to find workable solutions. It will be incumbent on requestors to provide pertinent information that is not otherwise available and to actively engage in the effort to develop workable solutions. Solutions may involve smaller scale or mobile facilities and may include multi-community or regional management approaches. If no workable sustainable solution is apparent, the Commission or its Partners may suggest alternative means to access critical services.

Decisions regarding questionable investments will be made by the Commission's Chief of Staff. Any decisions made relative to this policy may be appealed first to the Federal Co-Chair and ultimately to the full Commission.

Issued by: _____ Date: _____